

To The Honorable Chief Bankruptcy Judge Glenn, and everyone else,

I am docketing the below correspondence/communications and letter for transparency. Because “sunlight is the best disinfectant”. I feel that the blockchain evidence I attached (Exhibit C through L of the chambers letter, among some other links + quotes) in the below communications was sufficient evidence to show that assets left the estate, but never came back to it. I have attached a sworn declaration below. There are still some **crucial** questions that *need* answering. Perhaps Your Honor could order Celsius to answer these questions?

The numbers Mr. Latona cited in Exhibit F, (~\$750 mil) in loans paid back match *the Mashinsky declaration*, except for one **important** detail. The declaration stated they had \$648 mil in loans from DeFi *and* \$108 mil from FTX. That adds to \$756 mil, very close to Mr. Latona’s response. However, Mr. Latona said **all** loans were from DeFi protocols.... So either they are contradicting Mashinsky (a sworn statement) or being misleading (or they themselves were misled) and not saying that 108 mil of these paybacks were to FTX.

In terms of the Bitcoin, Celsius sent a total of **34,800 WBTC** to FTX. The email says they sold **31,000**. FTX later sent back **18,300 WBTC**. So my guess here is that 3,000 of those WBTC were from the Celsius transfer, and the rest were the collateral FTX was holding against Celsius' \$108 mil loan.

In total, Celsius has<sup>1</sup> 37.9k Bitcoin (23k WBTC, 14K Bitcoin). Based on the fact that they withdrew a total of **55,000 WBTC** from the DeFi protocols, this suggests that some of the

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<sup>1</sup> <https://cases.stretto.com/public/x191/11749/PLEADINGS/1174908152280000000004.pdf>

Bitcoin they currently hold came from unwrapping WBTC. **THE BIG PROBLEM** with their response is: according to blockchain evidence Celsius *also* sent **50,000 stETH, ~270,000 Eth, and \$85 million worth of LINK and MATIC to FTX**. This would be worth *well* over **\$400 million in total at that time**. My question is: why didn't they mention these transfers in their response, and why are they refusing to respond to my questions about this?

Per blockchain evidence, Celsius received a total of **\$1 billion USDC from FTX**; Mr. Latona only addressed **\$750 million** of that going to loans. Where did the other **\$250 million end up**? Celsius only has **\$39 million USDC** in its wallets per their filing.

**DECLARATION OF DANIEL A. FRISHBERG IN SUPPORT OF**  
**DANIEL A. FRISHBERGS' LETTER TO CHAMBERS/STATEMENT**  
**ABOUT BLOCKCHAIN TRANSACTIONS**

I, Daniel A Frishberg, hereby declare under penalty of perjury:

1. I make this declaration based upon my personal knowledge. If I were called upon to testify, I could and would testify fairly competently to the facts set forth herein.
2. I am a non-insider customer<sup>2</sup> of Celsius, with no conflicts of interest (that I am aware of) with any other parties.
3. To the best extent of my knowledge of the blockchain and cryptocurrencies, the mentioned transactions, including the ones linked in to “tweets” on Twitter, and various sites, are correct and true.
4. To the best of my knowledge and belief all of the information I made is factually true and correct.
5. To the best of my knowledge all of the links/sources of information that I provided to the Debtors/Chambers/UCC/any and all other parties are correct and accurate.
6. To the best of my knowledge it is extremely hard to track and pinpoint transactions originating from exchanges (especially large ones like FTX) so expert analysis and likely access to internal systems/documents is required.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that to the best of my knowledge the foregoing is true and correct.

/s/*Daniel A. Frishberg*

Daniel A. Frishberg, *Pro Se*

November 14th, 2022

Hillsborough County, Florida

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<sup>2</sup> I should be classified as a former customer, since my account should have been closed on July 5th, 2022 per the TOU, but this isn't the time nor place to debate it.

Email sent to chambers/Exhibit A: Nov 10, 2022, 3:22 AM (4 days ago)

Dear The Honorable Chief Bankruptcy Judge Martin Glenn/His Chambers,

I would like to request a chambers conference, if the court feels that it is necessary for me to explain my requests, see the attached letter. If the requests in the letter are improper/cannot be done, I can file a motion. If it cannot be done, may I request a hearing date for the motion? Would the Debtors/UCC consent to an expedited timeline to have the motion heard on the 14th (since this is critically urgent, by the 14th it may already be too late)? If the Debtors/UCC do not consent to an expedited timeline for the motion, I would like to file a motion to shorten time under the rules and Your Honor could expedite it sua sponte. FTX is based in the Bahama's so the crypto (since crypto is so easy to move) can disappear quickly if action is not taken immediately, hence the urgent nature.

Sincerely Daniel Frishberg

UCC's reply/Exhibit B:

Nov 10, 2022, 7:48 AM (4 days ago)

**Dear Chief Judge Glenn's Chambers:**

**The Committee is aware of the recent news involving the FTX platform. The Committee takes that news seriously given that platform's role in the crypto and blockchain ecosystem. The Committee has been reviewing the exposure that Celsius previously had (and presently has) to that FTX platform. These efforts include evaluating potential avoidance action claims or other estate causes of action that the Debtors may hold against FTX on account of any interactions between Celsius and FTX.**

**The Committee can provide a written response if the Court finds that useful as it considers this matter.**

**We would also request that the Committee be included in any chambers conference on this matter.**

**Thank you for your time.**

**Greg**

Debtors Reply/Exhibit C:

Nov 10, 2022, 12:34 PM (4 days ago)

To the Chambers of the Honorable Chief Judge Glenn:

Counsel to the Debtors has corresponded with Mr. Frishberg multiple times since November 5, including speaking with him by phone on November 8, regarding certain of the issues he raises in his letter. The Debtors and their advisors are aware of the recent news involving the FTX platform, and they are reviewing the specific questions Mr. Frishberg raises as part of their own review and analysis. The Debtors disagree with Mr. Frishberg's allegations and mischaracterizations in his letter and will provide a written response to the Court to the extent helpful. To be clear, the Debtors have found no evidence corroborating any of the allegations by Mr. Frishberg that "hundreds of millions of dollars" of cryptocurrency are "missing" or that "someone stole over a billion dollars of assets from Celsius."

The Debtors do not believe that a Chambers conference based on Mr. Frishberg's unsupported allegations and conspiracy theories is necessary. To the extent the Court decides to hold a conference, the Debtors request to be included in any such conference and reserve all rights with respect to this matter.

The Debtors and their advisors remain committed to working with the Committee and cooperating with their review and analysis as well.

**Dan Latona**

My reply<sup>3</sup> to Debtors/Exhibit D:

Nov 10, 2022, 1:50 PM (4 days ago)

To The Chambers of the Honorable Chief Judge Martin Glenn,

If the Debtor counsel is so confident that nothing is "missing" from the estate, they would be willing to provide a official legal opinion on their forms stationary signed by a partner stating that no assets are I missing from the estate, and that by not taking action against FTX, and the parties that the assets were transferred too, they would not be breaching their fiduciary duty to the estate. It is shocking that the Debtors found no evidence of funds missing from the estate, because there is significant amounts of it. I request to be included in any further communications, and to be included in a conference if the court decides one is necessary.

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<sup>3</sup> With two letters changed.

I reserve all rights.

Sincerely

Daniel Frishberg

Reply from chambers/Exhibit E:

Nov 10, 2022, 2:33 PM (4 days ago)

Given the Court's desire to hold all proceedings publicly whenever possible, this Court only holds chamber's conferences in very rare instances. In light of the absence of any pending motion regarding the subject matter of Mr. Frishberg's communication, *and more importantly*, the absence of any sworn or corroborated factual basis for the allegations asserted in Mr. Frishberg's communication, the Court does not believe that holding a chamber's conference, or a hearing on the record, would be beneficial or appropriate.

As with any serious allegations of misconduct by the Debtors' past or current management, all of which the Court takes seriously, creditors or other parties in interest should communicate their concerns to counsel for the (1) Debtors, (2) Unsecured Creditors Committee, (3) United States Trustee, and (4) Examiner, each of whom has been sent copies of some or

all of the email exchanges concerning this matter and will be sent a copy of the Court's response.

Email from Debtors<sup>4</sup>/Exhibit F:

Daniel,

As set forth in our retention order, Kirkland represents Celsius Network LLC and its affiliates and no other entity or individual director, officer, or employee. There is no chapter 11 trustee--the Debtors are operating their business as debtors in possession under section 1107 of the Bankruptcy Code.

In response to you initial question, **prior to the Petition Date, the Company sold approximately 31k BTC (worth approximately \$750m) on the FTX platform to repay DeFi borrowings, freeing approximately 41k of collateral in the form of wBTC (worth approximately \$950m), which was returned to the Company's treasury.**

This will be our last correspondence on this matter.

Reply to Debtors/Exhibit G (I did not hear back):

Dear Dan,

Thank you for the clarification on who you represent.

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<sup>4</sup> Emphasis added.



Thank you for the response about BTC/wBTC, but what happened to ETH/MATIC/LINK? There are lots of transactions on the blockchain..... specifically ETH, as it's the largest and most valuable part of it other than BTC. When you say the \$750m of BTC, was it all on defi, or was some of it used on FTX, like do you mean DEFI \*and\* FTX? Or just defi? Thank you so much again for the previous response, and thank you in advance. You are doing the best you can, with a limited amount of information.

Sincerely

Daniel Frishberg

This the unmodified letter sent to chambers:

**UNITED STATES BANKRUPTCY COURT** Chapter 11 Case No. 22-10964 (MG)  
**SOUTHERN DISTRICT OF NEW YORK** (Jointly Administered)

In re CELSIUS NETWORK LLC, *et al*<sup>5</sup>.

November 10th, 2022

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<sup>5</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030.



### **Formal Letter**

Hon. Martin Glenn

Chief United States Bankruptcy Judge

United States Bankruptcy Court

Southern District of New York

One Bowling Green, Courtroom 523

New York, NY 10004-1408

To The Chambers of The Honorable Chief Judge Martin Glenn,

I am writing to inform you of what I believe to be a very **urgent**, and a very important issue. On November 5th, 2022 (a Saturday) at approximately 3 pm EST, I wrote a letter to the Debtors to inform them of FTX potentially being insolvent<sup>6</sup>, and requested an urgent Meet and Confer to

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<sup>6</sup> <https://dirtybubblemedia.substack.com/p/is-alameda-research-insolvent> this article was attached.

discuss with them Celsius's potential claims against FTX/Voyager, and how they could be impacted by FTX collapsing. This was roughly a day before a so-called bank run started on FTX. The reason why this is so important, is because I have strong reason to believe that *hundreds of millions of dollars* are **“missing” from the estate**, and they went “missing” either shortly before the “Pause” (right around the time that insiders withdrew huge sums of money from Celsius), or during the “Pause”, and before the petition date.

One of the sources<sup>8</sup> that I provided to the Debtors was included previously in my supplemental exhibit<sup>9</sup> meant to be seen during the November 1st, 2022 hearing, but was not due to the Debtors objection. It was meant to show the close connection that Celsius, FTX (Alameda is a subsidiary of FTX) and Tether shared, which is likely why they got paid back during the “Pause” while others, such as Celsius depositors did not. On November 5th, 2022, I provided a source<sup>10</sup> which showed that Alameda (and by extension FTX) was highly likely insolvent due to doing the same thing with their trading token “FTT” that Celsius did with “CEL”, by manipulating a small circulating supply, while using the rest as collateral for loans, overinflating the value of it. It seems that FTX lent Alameda the assets of its depositors/customers with the basically worthless “FTT” token as collateral.

The reason why FTX's collapse (which has since occurred, they are currently insolvent, and have an estimated \$8,000,000,000 hole), is because it seems<sup>11</sup> that *hundreds of millions of dollars* were transferred from Celsius wallets to FTX wallets, but never came back to Celsius

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<sup>7</sup> Quotation marks around missing are used to imply sarcasm, since hundreds of millions of dollars simply does not go missing.

<sup>8</sup> <https://dirtybubblemedia.substack.com/p/ftxed-the-tangled-ties-of-celsius>

<sup>9</sup> <https://cases.stretto.com/public/x191/11749/PLEADINGS/1174911022280000000138.pdf>

<sup>10</sup> <https://dirtybubblemedia.substack.com/p/is-alameda-research-insolvent>

<sup>11</sup> <https://dirtybubblemedia.substack.com/p/celsius-liquidated-user-assets-to>

wallets<sup>12</sup>. Some information from court filings seems to be inaccurate, whether intentional or accidental: “You will note that the total debt paid back on-chain is more than the Mashinsky declaration figures<sup>13</sup>”. “WBTC” is wrapped Bitcoin on the ETH blockchain, which allows it to be utilized to earn interest, and more.

What seems to have happened is that Celsius sent a net approximately \$1.1 **BILLION** to FTX before filing for bankruptcy. Action must be taken immediately to recover those funds. It may already be too late to do so because of the inaction from Kirkland and Ellis/the Debtors. The so-called Special Committee that is supposedly investigating this was appointed by Alexander Mashinsky, this is ignoring the fact that they have a vested interest in keeping this going as long as possible. It *seems* that someone stole over a billion dollars of assets from Celsius, the prime suspect/leader of the theft (in my *opinion*) is Alexander Mashinsky.

I warned the Debtors on the evening of November 7th, 2022, that they must take **immediate** action to prevent assets that Celsius is likely owed, otherwise they will likely be lost (SEE EXHIBIT M). I told them that by the following morning FTX may collapse, and unfortunately I was right. At about 6:37 a.m EST, the last withdrawal from FTX was sent, and all withdrawals were halted. They are likely to now declare Bankruptcy, since there is a deficit of over 8 billion dollars, and even Binance has refused to help them, in part because they basically stole depositor assets and used it in various ways including arena naming rights, donations to politicians, and loaning it to Alameda. The Voyager buyout is almost certainly dead, which means that they may head to a Chapter 7 liquidation, regardless there were millions of dollars

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<sup>12</sup><https://dirtybubblemedia.substack.com/i/79693338/celsius-network-transferred-wbtc-during-the-freeze-somewhere-between-to-never-came-back>

<sup>13</sup> <https://dirtybubblemedia.substack.com/p/celsius-liquidated-user-assets-to>

worth of crypto withdrawn from Celsius by Voyager within 90 days of the insolvency period, and over \$100.5 million withdrawn just outside of the 90 day period from when Celsius shut off withdrawals (March 9th). Due to lack of action those funds are likely mostly lost.

**Immediate** action must be taken, if there is even a chance of recovering some of the potentially billions of dollars that has gone missing. The Debtors asked me to substantiate my claims, and I did so, numerous times (**See Exhibits M, N, O, P, Q, R, S and T**). The Debtors counsel also ignored my questions about who they specifically have a fiduciary duty to/who they represent (not suspicious at all). The Debtors claim that the Special Committee (who is made up of two people appointed by Mr. Mashinsky, **literally** suspect #1 in the “missing” coins) are investigating this, and completely *unsurprisingly* they found that nothing is missing, and that Celsius did nothing wrong. I suggested numerous times that instead of asking me to track down the missing coins, they ask M3, the crypto analytics firm that the Debtors retained to literally do just that. They have billed a very large amount of work (some people even “worked” 18 hours in a single 24 hour period, non-stop), so surely they should have something to show for it.

1. I request that this court order the Examiner to produce/publish an emergency interim report detailing, if there are any missing coins (like the blockchain and court records show), and where those missing coins are.
2. I also ask that the Examiner’s scope be expanded to investigate the Special Committee, and the Debtors/all professionals retained by the Debtors, both currently and in the period leading up to the “Pause”, to see if they have breached their fiduciary duties, and to see if the estate has claims against them<sup>14</sup>.

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<sup>14</sup> Like in the *Eastern Airlines* case.

3. I request that the Debtors counsel (or the UCC/literally anyone but me) be ordered to take actions to secure the missing funds, and specifically the crypto that was sent to FTX (as they are likely to declare bankruptcy soon).

Some key takeaways from MikeBurgersBurg's article, emphasis added in the form of both italicized and underlined:

"During the freeze period, Celsius paid back its loans to Maker, Compound and Aave<sup>15</sup>. At the same time, Celsius pulled WBTC collateral out of these protocols. A total of **55,018 WBTC** were removed from Aave, Compound and Maker (total ~\$1 billion)".

"Of these, **34,800 WBTC were sent directly to the FTX exchange**. The largest single transfer was for 27,362 WBTC; this was primarily drawn from Celsius' Maker DAO account. During the same period, **FTX transferred 18,300 WBTC back to Celsius Network**. 10,600 of those WBTC are still held in a Celsius wallet; **another 7,600 were sent to Celsius DeFi positions, then later withdrawn and sent back to FTX. This means that net, Celsius sent FTX ~16,500 WBTC, equivalent to roughly \$325 million**".

"In the three days before filing for chapter 11 (7/10 - 7/13), an **additional 8,000 WBTC (\$160 million) were sent from Celsius to several wallets**. We have identified the recipients as the **Wintermute market maker** (known to have been working with Celsius) and addresses linked to **Alameda Research (FTX's hedge fund) and Genesis**".

"All told, somewhere around **a net 50,000 WBTC were transferred from Celsius Network addresses during the freeze period**. Yet, per Celsius' own balance sheet<sup>16</sup>, they currently only own a total of **37,927 Bitcoin. 23,348 are held as WBTC**, with the remainder held as Bitcoin on the Bitcoin blockchain".

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<sup>15</sup> See Exhibit C, D and E for diagrams.

<sup>16</sup> See Exhibit F for the balance sheet.

“Now, conservatively, it is possible that all of Celsius’ Bitcoin were WBTC during the freeze and some of the WBTC transferred out of Celsius’ wallets ended up being unwrapped and sent back to Celsius regular Bitcoin wallets. This would mean that conservatively **around 17,000 Bitcoin evaporate from Celsius’ wallets during the freeze**;<sup>17</sup> it is interesting how close this number is to the **net flows of 16,500 WBTC to FTX**! More liberally, **as much as 31,000 WBTC were lost in the freeze period.**”

“Celsius is short approximately 67,000 Bitcoin in total. I estimate somewhere between 30,000 to 35,000 Bitcoin were lost in the Tether liquidation. It appears that Bitcoin lost during the freeze account for somewhere between half, to nearly all, of the remaining missing Bitcoin”.

#### **Movement of ETH<sup>17</sup>:**

“On June 8, 2022, Celsius withdrew 50,000 stETH from Aave, and sent it on its merry way **to FTX**. At the time of transfer, this would have been worth roughly **\$90 million**”.

“Celsius later transferred the remaining 410,000 stETH to another Celsius wallet after paying off their Aave debt. Today, per Celsius’ bankruptcy filing, they own 410,514 stETH, confirming that **50,000 stETH never came back from FTX**”.

“Between June 1 and July 13, Celsius transferred **269,464 Ether to FTX**”.

“In the same period, Celsius received 81,027 Ether from FTX. 20,500 was used as DeFi collateral and transferred back to FTX later. 14,600 Ether was sent to Celsius Wallet 5 and appears to be used to fund customer withdrawals. Another **35,800 Ether ends up going to unidentified wallets. 27,400 goes to an unknown address that has directly minted Tether from the Tether Treasury** (this is relatively rare). **8,400** goes to another cluster with addresses I have identified as likely belonging to **Alameda Research**”.

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<sup>17</sup> See Exhibit G and H.

“Today, Celsius only holds 50,376 unstaked Ether in its wallets. It apparently held well over 260,000 Ether prior to the freeze. By their balance sheet, Celsius Network is short 217,862 Ether. Celsius sent at least 249,000 Ether to FTX during the freeze period. This suggests that most of the deficit in Ether was the consequence of liquidating assets during the freeze. Somewhere around \$250 million Ether appears to have been liquidated via FTX during the freeze period (today<sup>18</sup> \$350 million).”

### Other Coins<sup>19</sup>:

“Celsius withdrew 158 million MATIC from their wallets during the freeze period. 131 million were sent to FTX (worth somewhere around \$65 million during the freeze). Matic was worth around \$0.50 during this period; today worth closer to \$0.80<sup>20</sup>.”

“In the same period, Celsius received 16.8 million MATIC from FTX (\$8.5 million). Most of these funds were sent to Celsius Wallet 5, and appear to have been used to fund withdrawals”.

“So net, Celsius sent at least 115 million MATIC (\$65-70 million) to FTX. Per Celsius’ balance sheet, they own \$74.3 million MATIC (roughly 92 mil MATIC by today’s value) and owe \$204 million (roughly 255 million MATIC). This is a deficit of approximately 160 million tokens. Again, it appears a large chunk of the deficit in MATIC appears during the freeze...”

“Celsius transferred around 4,267 LINK to FTX during the freeze period. Celsius initially sends 6.2 million LINK to FTX on 6/18/22; then pulls those funds back to a different Celsius wallet. The LINK are transferred to their main DeFi wallet and used as collateral on Aave until 6/28, when the LINK were withdrawn again. 4.26 million are sent to FTX with the remainder staying in Celsius addresses. This would be worth around \$20-25 million at the time of the freeze.”

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<sup>18</sup> “Today” being October 26th, 2022

<sup>19</sup> See Exhibit I, J and K.

<sup>20</sup> Before the crash that was caused by FTX being insolvent, MATIC reached ~\$1.25.



“In addition to the over \$700 million in crypto that Celsius Network sent FTX during the freeze period, Celsius had already transferred \$403 million in crypto collateral to FTX as backing for a \$104 million loan”.

“Fascinating to note how close we are getting to a balanced checkbook, here. If we add up the net funds sent to FTX, plus the collateral already held on the exchange, we get roughly \$1.1 billion. Celsius received \$1 billion USDC from FTX in the same period and discharged the \$108 million loan. Maybe it is just a coincidence, but seems like a pretty close fit, no?”

“Between their loans from Tether, FTX, and DeFi, Celsius had borrowed over \$1.6 Billion. Additionally, per their balance sheet, Celsius owes customers some \$780 million in USDC, USDT and Gemini USD stablecoins. This means that Celsius had borrowed around \$2.4 billion in stablecoins.

However, they appear to have lost these assets along the way! They were not able to pull back the dollar equivalents to pay back their debts. Instead, Celsius had to liquidate other users crypto to pay back loans from Tether, FTX and DeFi. They still owe their own customers over \$780 million in dollar equivalents.

Where did the dollars go?”

Respectfully Signed:

/s/Daniel A. Frishberg

Daniel Frishberg

November 10th, 2022

*Pro Se*

## Exhibit A:

[REDACTED]  
to Dan, #CelsiusRx, Chris, Josh, Alison, info@kirkland.com ▾  
Nov 6, 2022, 11:59 AM (4 days ago) ☆ ↶ ⋮

Dear Dan,

I wanted to confirm some things, will you fulfill your fiduciary duty (to the estate) by bringing preference claims against Voyager before the sale to FTX goes through? And will you bring preference claims against FTX before they collapse? A update to what was described in my letter: Binance has announced that they will be selling all of their "FTT" tokens (FTX used FTT in the same way as Celsius did with CEL, to artificially prop up their valuation, they also borrowed against it). Source: [https://twitter.com/cz\\_binance/status/1589283421704290306?s=20&t=hvZAKPdBY5macQUaC\\_zY/Mg](https://twitter.com/cz_binance/status/1589283421704290306?s=20&t=hvZAKPdBY5macQUaC_zY/Mg)

Binance said they will sell FTT over a long period of time to prevent affecting the price, but people are pre-selling it now. FTX is moving large amounts of stablecoins to help use it to prop up the price of FTT. I am worried that the crypto that they owe us (includes some stable coins I believe) will be dissipated to help FTX keep themselves from collapsing.

I would appreciate a response as soon as possible, but my deadline is still Monday.

Sincerely Daniel Frishberg

## Exhibit B:

[REDACTED]  
to CelsiusCommitteeInquiries, Aaron, Gregory, #CelsiusRx, Chris, Dan, Josh, Alison, info ▾  
Nov 7, 2022, 1:31 PM (3 days ago) ☆ ↶ ⋮

Dear Dan/Kirkland and Ellis/Debtors,

I have copied the UCC here as well.

I wanted to let you know that my 8pm est deadline for tonight still stands, even though there was a rapid acceleration to the run on FTX. I believe there is a high risk of collapse for FTX and Alameda as most of the assets they hold are FTT and other effectively worthless tokens (they did the same thing that Celsius did by pumping CEL, and then using it to appear solvent). Except unlike Celsius, they borrowed money (likely from FTX depositors because that's how they earn the interest from earn) which could cause then both to collapse. I believe that it is more urgent then ever to commence clawbacks against FTX/voyager or at the very least get a injunction to stop the funds they owe Celsius from being dissipated. Several of FTXs stablecoin wallets have already been emptied. Hundreds of millions from this wallet alone: <https://twitter.com/mikeburgersburg/status/1589637722649821184?s=46&t=2eyQk1E3AYy5bDwDFO-JSg>

This could be the very coins that were sent to FTX from Celsius. Since only the Debtors have the right to pursue clawbacks/take action, it is upto you. Not acting (after I warned you about this on the 5th) would be a breach of your fiduciary duties to the estate. If adequate actions are not taken to prevent the estate from losing hundreds of millions of dollars (by 8pm tonight), I will be writing to the US Trustee and the Honorable Judge Martin Glenn. I will point out your many breaches of fiduciary duty, and especially this one, which clearly takes the cake, as it can lose ~\$700 million, once you count the \$100 million from Voyager. And the urgent need to appoint a trustee or a Chief Restructuring Officer. As I have previously said, I do not think that Kirkland and Ellis should handle the Voyager clawbacks as they represent them as well.

I would appreciate a response as soon as you have one, but I will honor the 8pm deadline even though the speed of FTX's potential collapse has accelerated.

On a related note; would the UCC/Debtors consent to a expedited timeline for a hearing (on the 14th maybe?) on a appointment of a Trustee. I feel that this is extremely urgent, and we may not have until next week as FTX may implode before then.

I reserve any and all rights.

Sincerely

Daniel Frishberg

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Exhibit C:

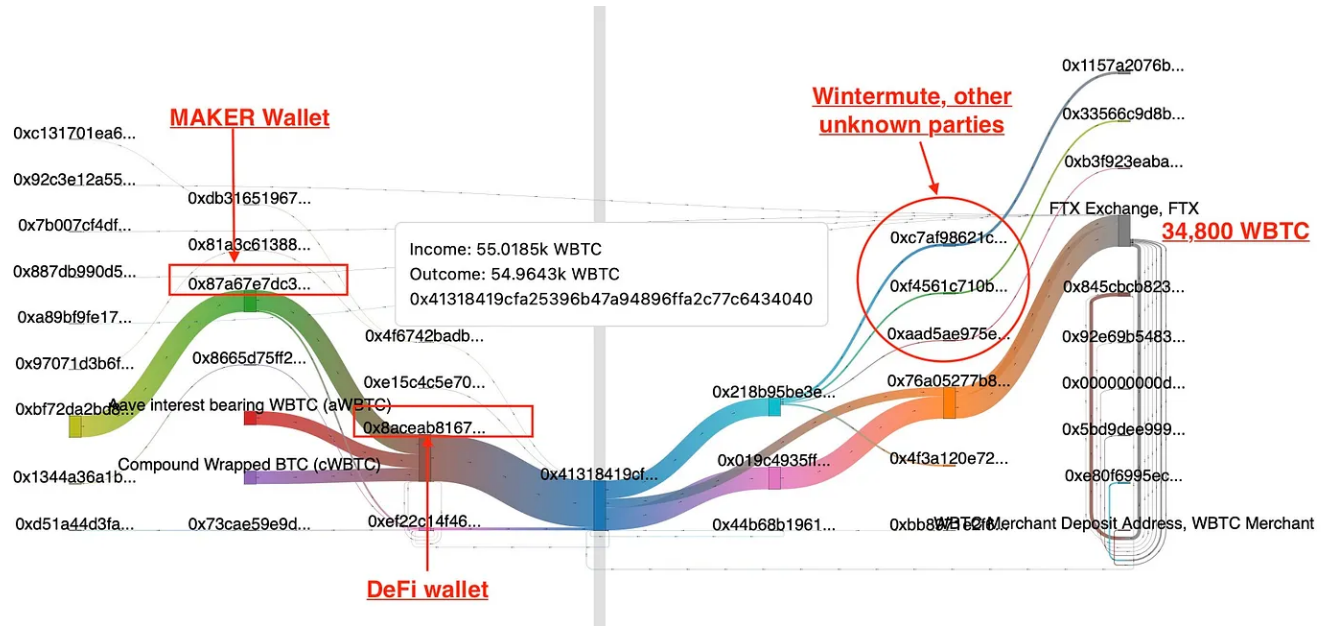


Exhibit D:

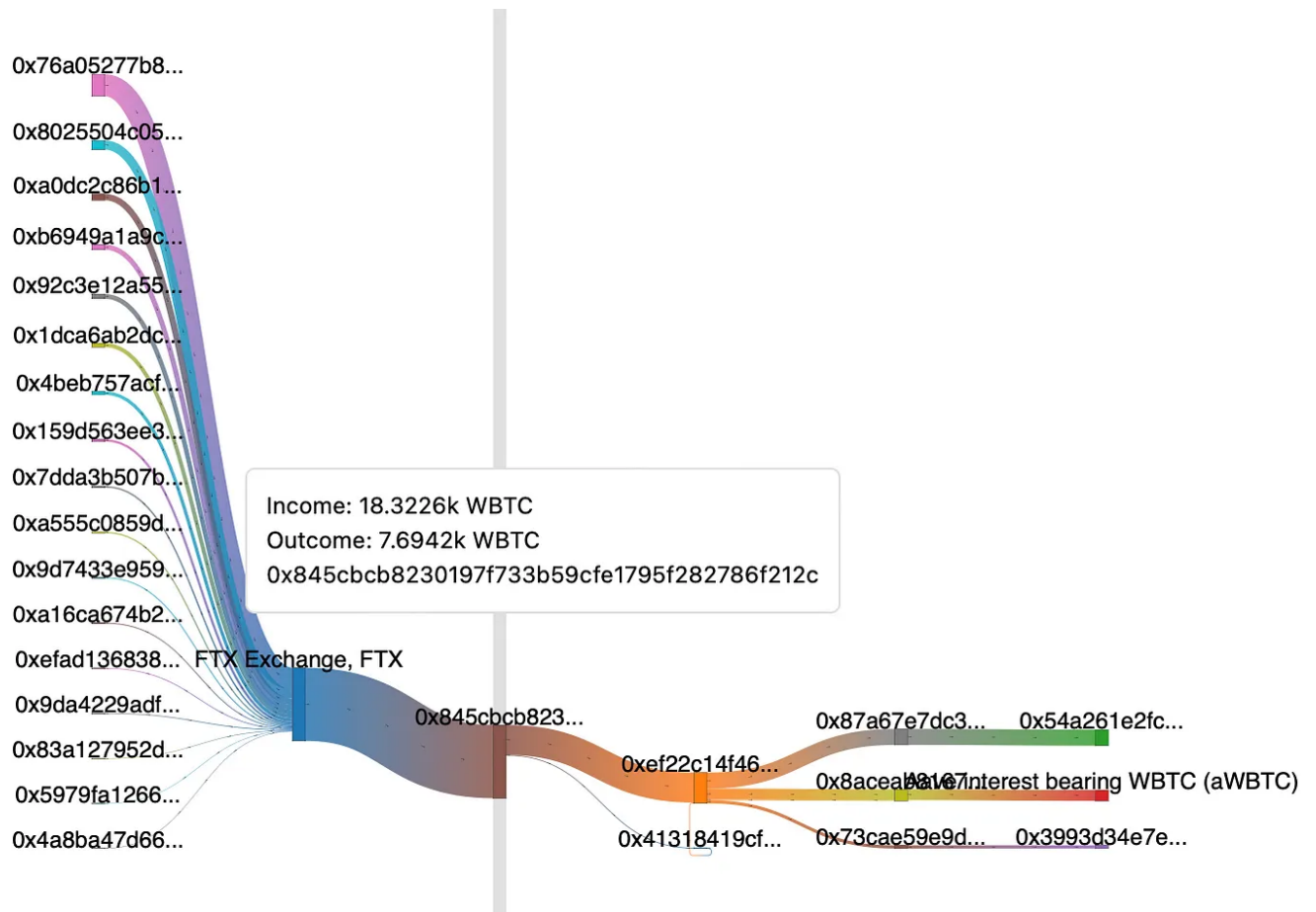


Exhibit E<sup>21</sup>:

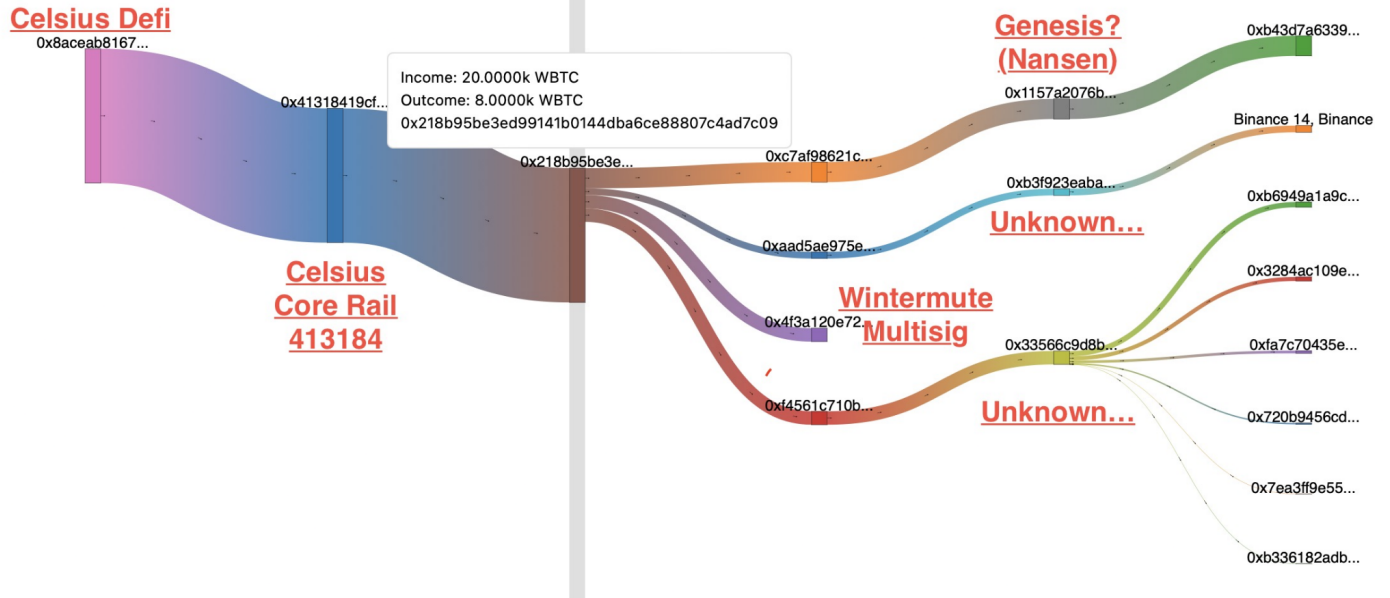


Exhibit F:

Pg 6 of 7

December 29, 2022

	BTC	WBTC	ETH	stETH	USDC	CEL	Other Coins
	100,669	110	997,629	-	813,879,674	277,088,090	N/A
	3,536	1	42,391	-	36,114,876	1,910,422	N/A
	757	0	5,271	-	94,846,914	393,481	N/A
	104,962	111	1,045,291	-	944,841,464	279,391,994	N/A
(s)	\$ 2,503	\$ 3	\$ 1,786	\$ -	\$ 945	\$ 323	\$ 1,111
Assets							
	12,821	22,714	50,376	410,514	39,018,908	656,194,390	N/A
	-	-	330,566	-	-	-	N/A
	160	184	2,550	-	229,750,692	1,628,665	N/A
	0	450	28,367	0	115,182	279,282	N/A
	1,252	-	5,534	3	2,364,591	197,144	N/A
	344	-	-	-	7,501,752	193,844	N/A
	14,578	23,348	417,392	410,517	278,751,125	658,493,325	N/A
	\$ 348	\$ 557	\$ 713	\$ 683	\$ 279	\$ 761	\$ 4
	\$ (2,155)	\$ 554	\$ (1,073)	\$ 683	\$ (666)	\$ 438	\$ (6,000)
	(67,036)		(217,382)				
	\$23,842	\$23,835	\$1,709	\$1,664	\$1	\$1	
	(\$1,601)		(\$390)				

Exhibit G:

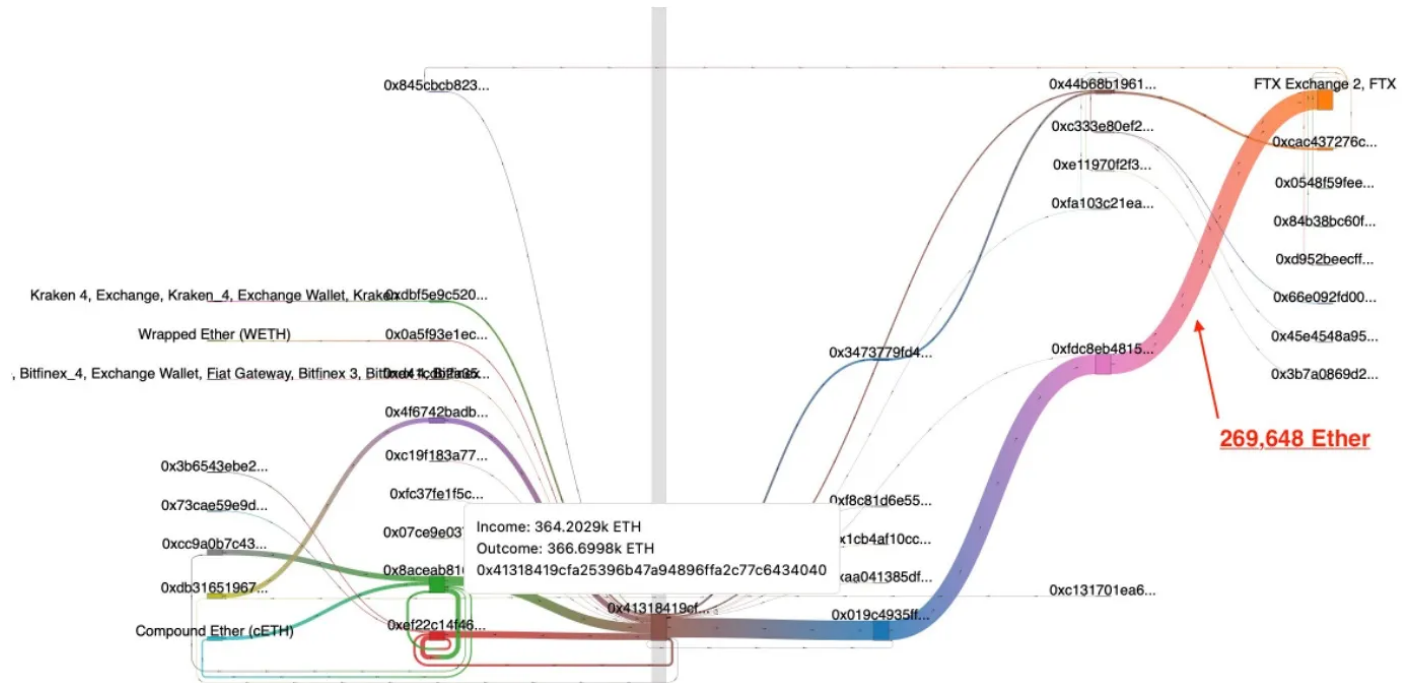


Exhibit H:

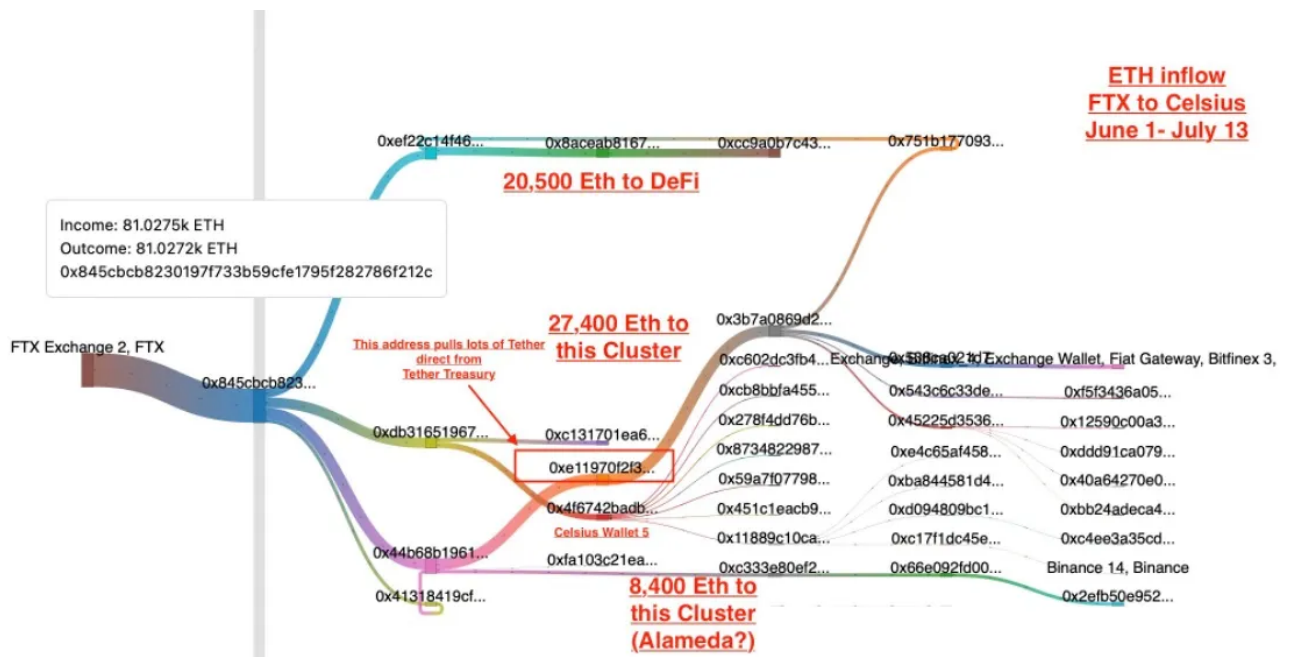


Exhibit I:



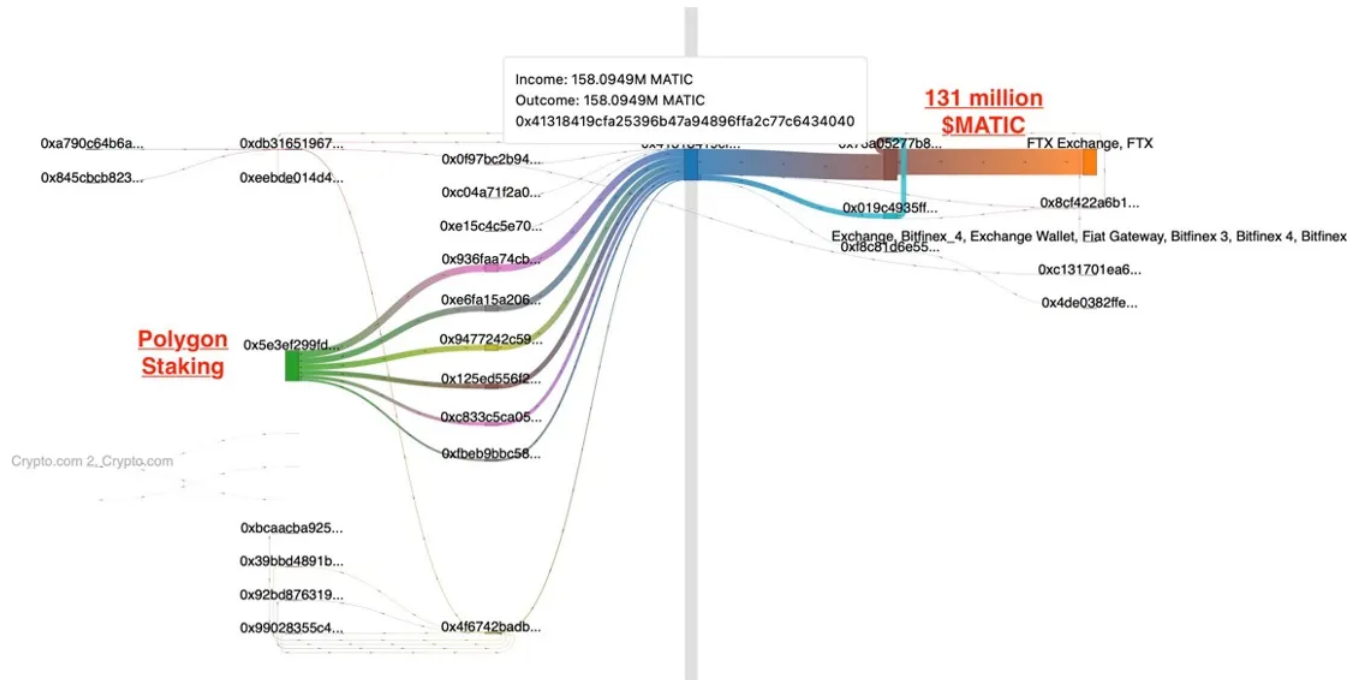


Exhibit J:

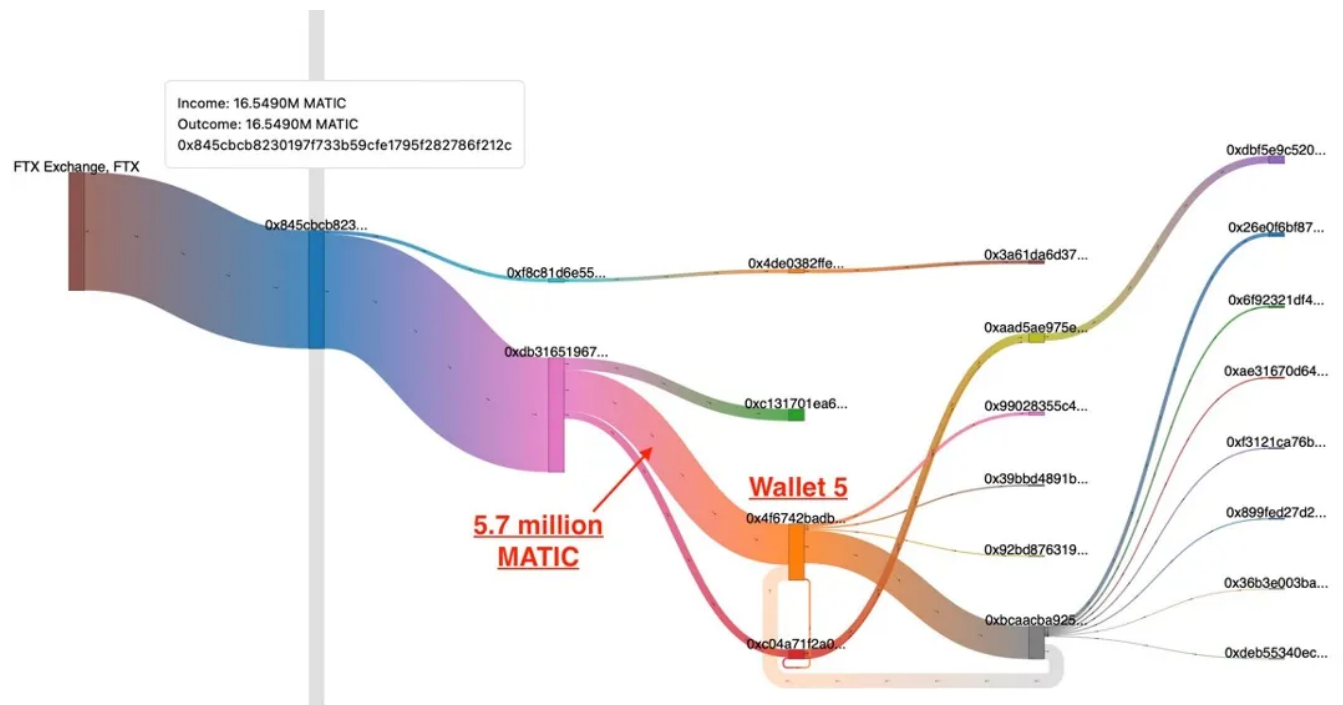


Exhibit K:





Exhibit L:

71. Prior to the Petition Date, on June 27, 2022, the Company had approximately \$648 million in DeFi borrows collateralized by approximately \$1.61 billion in digital assets based on a market valuation of June 27, 2022. These DeFi loans were held on four different DeFi protocols: (i) Maker (MKR) (\$225 million loan collateralized by \$499 million in digital assets); (ii) AAVE (\$263 million loan collateralized by \$708 million in digital assets); (iii) Compound (\$157 million loan collateralized by \$409 million in digital assets); and (iv) Notional Finance (\$3.2 million loan collateralized by \$6.6 million in digital assets). As of the Petition Date, substantially all of these DeFi loans were repaid by the Company and the collateral was returned.

72. On a separate cryptocurrency exchange, FTX, the Company had an additional \$108 million loan collateralized by \$403 million in digital assets.

73. The amounts of the DeFi loans and exchange loans varied leading up to the Petition Date, but given the risks associated with asset deployment and the current volatility of the cryptocurrency market, the Company worked to “unwind” its open loans and cease its asset deployment activities until further notice prior to commencing these chapter 11 cases. As of the Petition Date, the Company has unwound nearly all of its DeFi loans and the FTX loan, with only one loan remaining in an amount of approximately \$3.2 million collateralized by \$6.6 million in digital assets.

Exhibit M:

[REDACTED]  
to Gregory, #Celsiusro, CelsiusCommitteeinquiries, Dean, Aaron, Samuel, Mitchell, Chris, Dan, Elizabeth, Josh, David, Alison, Keith, info@kirkland.com

Mon, Nov 7, 11:10 PM (3 days ago) ☆ ↶ ⋮

Dear Dan,

FTX lost the peg on FTT (they previously claimed they would buy any FTT for \$22 each) it's down to \$17.80 from ~\$25 a few days ago, and \$22 a hour ago. Over 20% a hour FTT (FTX's token which most of their "value" is in, long story short but basically worthless) just dived off a cliff. FTX lost the peg so to speak. This likely means that they are all out of resources to fight, or gave up. Both are bad since without FTT to prop up their valuation, Alameda is insolvent. And someone (highly likely to be unknowing FTX depositors since no one would lend someone billions of dollars for a worthless asset) is lending them billions with the FTT as collateral, regardless this is really really bad news. FTX seems to be holding it at ~\$18, but not sure how long they will be able to hold it. They may close withdrawals and declare bankruptcy, who knows.

I warned Celsius of this on Saturday. That's over two and a half days ago. This is a extremely long period of time for crypto. CRYPTO IS EXTREMELY VOLATILE and can literally go to 0 (or close to it) in a matter of minutes. It is crucial that the Debtors take immediate action to mitigate the damage. Whatever timeline you have, you need to significantly expedite it, we may need to call a emergency chambers conference tomorrow. I warned Kirkland two and a half days ago, and from the best I can tell, Celsius/Kirkland did nothing. As the judge made clear, only the Debtors can take action to pursue claims.

So it is CRUCIAL that this is done. Not next week, but now, FTX may have imploded by tomorrow morning. What do you propose to make sure that the estate does not lose hundreds of millions of dollars due to the negligence of Kirkland and Ellis potentially Akin Gump? There simply is no more time to waste, ever minute counts. You cannot claim that you didn't know that crypto is volatile later. You have been warned, so please, do something to not lose the estate even more money.

I reserve any and all rights

Sincerely Daniel Frishberg

Exhibit N:

**Latona, Dan**

Nov 8,  
2022, 2:42  
PM (2 days  
ago)

Daniel, we are aware of the situation with FTX and are monitoring.

I'm writing to ask you to clarify your concerns regarding the below and understand the basis for your claim that the estates could potentially lose "hundreds of millions of dollars."

If easier to discuss live, I'm available at the below number at 4p CT.

Exhibit O:

[REDACTED]  
to Shara, Dan, Gregory, #CelsiusRx, CelsiusCommitteelinquiries, Dean, Aaron, Samuel, Mitchell, Chris, Elizabeth, Josh, David, Alison, Keith, info@kirkland.com

Nov 8, 2022, 3:03 PM (2 days ago)



Dear Dan,

I am glad that you are "monitoring the situation", but that is not enough. You need to do something, and you need to do it yesterday, go get an injunction to prevent them from dissipating what remains of their assets (they owe Celsius, AT LEAST \$108m as a preferential payment which was paid during the "Pause". Voyager also owes Celsius \$100m (all of these also owe interest/any gains they made), and FTX is supposed to buy Voyager. Now Binance is supposed to buy FTX. They can easily back out, let FTX crash even further, and then buy the assets for pennies on the dollar. Celsius needs to take steps to preserve its claims against FTX/Voyager. FTX is insolvent, they have collapsed effectively speaking. Their BTC balance is literally in the negatives. There was also approximately \$600m transferred to FTX in the days leading up to the petition, that should also be clawed back, I have no idea where it is, but from what I saw, it went to various unknown wallets, some of which have associated with Wintermute/Binance wallets in the past. FTX stopped withdrawals a while ago. The \$\$ that FTX was paid by Celsius is still (for now) sitting in a wallet being staked to AAVE, but it is used as collateral, and who knows where the borrowed tokens are, cause I don't. Maybe your M3 analysts who "work" 18h a day can find them, since if we are paying them for 18h a day of pure work, (which lets face it, they aren't doing it), they should be able to find where it is, they should already know where this is. I have class at 3:35 EST, I can call you a bit before (real quick) or after that. This lack of actions from the Debtors is negligent, a breach of their fiduciary duty, and borderline criminal (maybe they are in kahoots with their old buddy SBF who they used as a market maker/sent billions of dollars of Celsius's assets through, who knows).

Daniel

<https://web3isgoinggreat.com/?id=binance-moves-to-bail-out-ftx>

## Exhibit P:

[REDACTED]  
to Dan, #CelsiusRx, Mark, CelsiusCommitteelinquiries, Dean, Aaron, Shara, Samuel, Mitchell, Chris, Gregory, Elizabeth, Josh, David, USTP:region02@doj.gov, USTPRegion02.NYECF@usdoj.gov, Alison, Keith, info@kirkland.com

Nov 8, 2022, 7:05 PM (2 days ago)



Dear Dan,

I did a bit more digging, including confirming with MikeBurger (who discovered the FTX insolvency via on chain analysis). And he said that it appears that at least 17k BTC went missing during the freeze, and his article said that about 50k ETH went missing before June 8th. Obviously this is a huge issue, as the "upto" 31k BTC is worth a bit shy of \$600m. It does explain exactly why Celsius has so little Bitcoin. As you said, it doesn't show it in the court documents, or on the records. I'm not saying that it was all intentional and covered up, and stolen by insiders, but it's not like \$600m simply goes missing. This could explain why Celsius went through various financial advisors/legal teams/auditors before the petition. The blockchain data doesn't lie. You could ask your crypto analytics firm (M3 I believe) to confirm, just please make sure they don't over bill us, cause there is no way they are working 18h a day.

I'm just worried that the \$ was not lost by paying of over-collateralized loans, and potentially embezzled. From what I've seen of Celsius, I wouldn't be surprised at all. Remember, everyone has a fiduciary responsibility to the estate, not the executives who MAY have been involved in the money "going missing". ~\$2.4b was sent to FTX, and about \$1.6b was sent back from FTX. I'm worried with their impending insolvency, that that \$ may be lost for good.

Sincerely

## Exhibit Q:

Latona, Dan

Tue, Nov 8,  
7:30 PM (2  
days ago)

Daniel, we will review the below. To be clear, Kirkland represents Celsius Network LLC and its affiliated entities in connection with these chapter 11 cases as set forth in our retention order, and no other party(ies).

Dan Latona

Exhibit R:

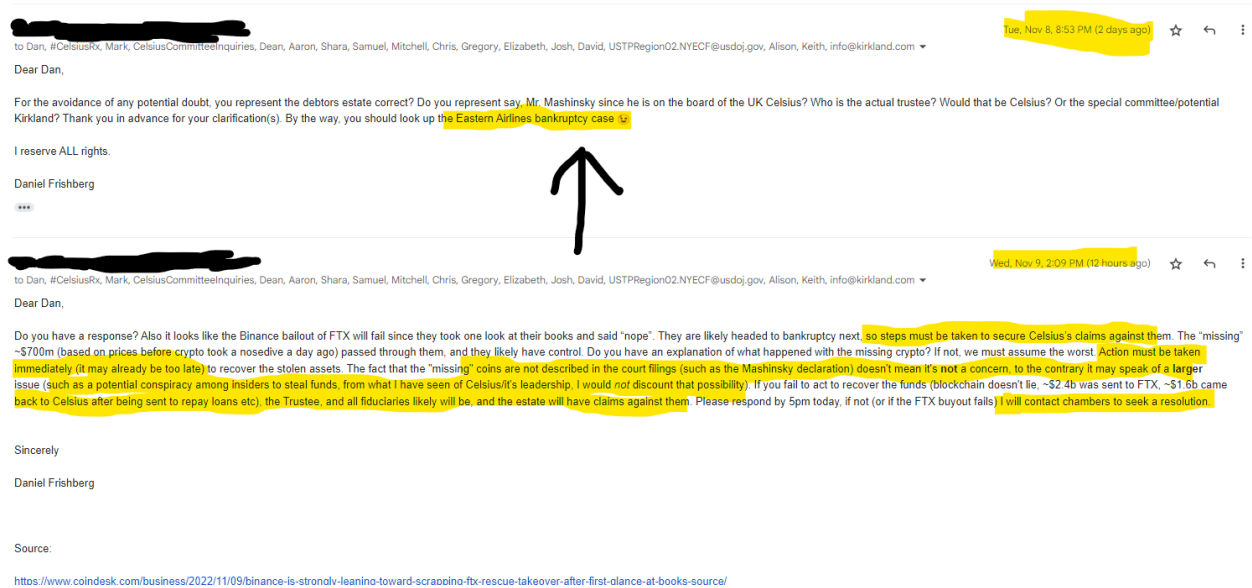


Exhibit S:


Nov 9, 2022,  
3:09 PM (11  
hours ago)

Daniel, we discussed yesterday--please direct us to specific transactions (e.g., in the Debtors' schedules) that substantiate your claim. The Debtors' special committee is investigating the Debtors' prepetition activities and is not aware of "missing" assets.

The Debtors reserve all rights.

Dan Latona

Exhibit T:

 Nov 9, 2022, 5:05 PM (9 hours ago) ☆ ↶

to Dan, @CelsiusX, #Celsius, CelsiusCommitteeInquiries, Dean, Aaron, Shara, Samuel, Mitchell, Chris, Gregory, Elizabeth, Josh, David, USTPRegion02.NYECF@usdoj.gov, Alison, Keith, info@kirkland.com ▾

Dear Dan,

Will do. Do you have a response for the other questions not related to missing funds?

The issue is that the filings conveniently left out these assets, which originated in Celsius controlled wallets. At least 2k BTC was sent to FTX and likely was paid out to users during the run on FTX recently.

This thread covers a good bit of the funds sent literally days before they petition.  
<https://twitter.com/mikeburgersburg/status/1582909742409998337?s=46&t=wQEyzkvM-Zh7-P7uX737bw>

This talks about the 50k ETH that was sent to FTX by Celsius. The wallet had about 130m worth of crypto (when BTC was 20k and ETH \$1500)  
<https://twitter.com/mikeburgersburg/status/1588957172826005509?s=46&t=wQEyzkvM-Zh7-P7uX737bw>

This is where some of the assets from Celsius are now.  
<https://zapper.fi/account/0x54dda22ae140adb605c73073eabb6f4aea2fc237>

It is very hard to track funds after they enter a exchange, since there are tens of thousands of transactions always ongoing.

Scroll down a bit in this article and it describes it quite well.  
<https://dirtybubblemedia.substack.com/p/celsius-liquidated-user-assets-to>

This is FTX/Celsius relationship, so it seems that it could be classified a insider along with Tether. Tether may end up going under aswell since they loaned large amounts of \$\$ to FTX.  
<https://dirtybubblemedia.substack.com/p/fixd-the-tangled-ties-of-celsius>

Daniel

\*\*\*

Exhibit U:

Exhibit V: